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FM WASHINGTON 280750Z FEB 81

TO IMMEDIATE F C O

TELEGRAM NUMBER 712 OF 27 FEBRUARY 1981

INFO GUATEMALA CITY BELMOPAN (PERSONAL FOR GOVERNOR) MEXICO CITY
UKMIS NEW YORK

FOLLOWING FROM PRIVATE SECRETARY

MIPT (NOT TO ALL): SECRETARY OF STATE'S MEETING WITH MR HAIG: BELIZE

1. THE SECRETARY OF STATE ARGUED THAT A SUCCESSFUL SETTLEMENT OF THE DISPUTE COULD ELIMINATE BOTH THE U S FEAR ABOUT THE DESTABILIZATION OF GUATEMALA AND THE BRITISH CONCERN ABOUT BELIZE BEING OVERRUN. HOWEVER, WE WERE CONCERNED THAT THE GUATEMALANS MIGHT BELIEVE THAT THE NEW ADMINISTRATION WERE ON THEIR SIDE AND ENDORSED THEIR DEMANDS. WE WERE ALSO WORRIED THAT THE AMERICANS MIGHT THINK THAT PRICE WOULD REFUSE A REASONABLE SETTLEMENT.
2. DURING HIS OWN TALKS IN LONDON NEXT WEEK WITH PRICE AND CASTILLO VALDEZ, LORD CARRINGTON WOULD PRESS FOR A SETTLEMENT. IT WAS HIS VIEW THAT PRICE SHOULD ACCEPT THE TERMS AVAILABLE, BUT HIS HUNCH WAS THAT THIS MIGHT NOT HAPPEN. IN THE LAST RESORT PRICE MIGHT BE READY TO LEASE THE SOUTHERN BUT NOT THE NORTHERN ISLANDS. SHOULD A SETTLEMENT NOT BE POSSIBLE, WE WERE COMMITTED UNDER THE UN RESOLUTION TO BRING BELIZE TO INDEPENDANCE. THE BEST WE COULD DO THEREAFTER WOULD BE TO PROMISE FOR A ^{ca 1.5m} NUMBER OF YEARS TO MAINTAIN BRITISH TROOPS THERE. THIS WAS NOT AN ATTRACTIVE PROSPECT.
3. HAIG SAID THE ADMINISTRATION RECOGNISED THE DIFFICULTY. HOWEVER THE PRESENT POINT WAS PROBABLY THE BEST MOMENT FOR A SETTLEMENT. PERHAPS IT WOULD BE USEFUL TO CONCENTRATE ON SECURING A GUATEMALAN CORRIDOR TO THE SEA. THE REAL FEAR OF THE US WAS THAT THE INTERNAL WEAKNESS COULD MAKE BELIZE RIPE FOR CUBAN OFFERS.

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